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UNCLAS CAIRO 001288

SIPDIS

SENSITIVE

STATE FOR NEA/ELA AND EB/CIP  
USTR FOR SAUMS/AUGEROT/MCHALE/NEUREITER  
USAID FOR ANE/MEA MCLOUD  
COMMERCE FOR 4520/ITA/MAC/ANESA/TALAAT  
FCC FOR INTERNATIONAL BUREAU/COOPER

E.O. 12958: N/A

TAGS: ECON ECPS EINT EINV ETRD EG KGIT

SUBJECT: GOE OFFERS TENDER DOCUMENT FOR THIRD MOBILE PROVIDER

REF: CAIRO 00776 (NOTAL)

Sensitive but Unclassified. Please protect accordingly.

¶1. (SBU) The GOE's National Telecommunications Regulatory Authority (NTRA) on February 19 made available instructions for bidders on the proposed third mobile telephone licence (reftel). According to press reports, as of February 27, 17 companies had purchased the tender document, or the "Network Specifications Handbook," at a cost of \$25,000 each. Press suggests that among the 17 are the GOE-controlled Telecom Egypt (TE), and private Egyptian firms Raya Holdings, National Telecommunications Corporation, and Teletech. International corporations AFK Sistema (Russia), Etisalat (UAE), Mobile Telecommunications Corporation (Kuwait), and Mobile Telephone Networks (South Africa) reportedly are also among those who paid for the document. NTRA will sell the license by auction, at a starting bid of LE 2.5 billion, or approximately \$439 million. (Comment: As per reftel, we still lack confirmation of a consortium among TeleTech, Sprint, and Nextel, but the expenditure of \$25,000 suggests TeleTech has obtained a commitment from international partners. However, we expect the auction format to favor bidders willing to spend large amounts of capital up front - i.e., investors from the oil-rich Arabian Gulf. End comment.)

¶2. (U) NTRA offered the tender on a technology neutral basis - i.e., either GSM or CDMA technology would be acceptable - and required the winner provide 3G-2G service. Bidders reportedly will each put up \$4.4 million as a guarantee, forfeited to NTRA if they win the contract and then withdraw. NTRA will host a bidders' conference on March 8, the deadline for submitting proposals is April 17, and NTRA will complete evaluation of proposals within the following eight weeks. Preference will be given to consortia including an Egyptian partner, and to firms willing to trade a portion of shares on the Cairo and Alexandria Stock Exchange after two years of operation, according to press.

¶3. (U) New NTRA Executive President Amr Badawi announced that the tender document includes provisions for domestic roaming service in uncovered areas, at least initially, via the existing infrastructures of current telecommunications providers TE, MobiNil, and Vodafone (i.e., TE-owned landline infrastructure, and MobiNil- and Vodafone-owned cellular), as well as number portability. However, press also indicates that the tender protects existing commitments between NTRA and the current mobile providers MobiNil and Vodafone.

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